

Washington, D.C. — Congressman Joe Sestak (PA-7) recently introduced H.R. 2359 – the Small Business Entrepreneurial Development Programs Act of 2007 - legislation to enhance two critical Small Business Administration (SBA) Entrepreneurial Development programs: Small Business Development Centers (SBDCs) and the Service Corps for Retired Executives (SCORE).

“Serving as the Representative in a District that has been historically driven economically by vibrant local, small businesses, I greatly appreciate and support the entrepreneurial development assistance that the SBA provides,” said Congressman Sestak. “We know that entrepreneurial development assistance programs work. Businesses who receive SBA entrepreneurial assistance are twice as likely to succeed. In addition, every federal dollar spent on entrepreneurial development generates seven dollars in increased tax revenue.”

In the past three years, due to changes in the globalizing economy, Pennsylvania’s Seventh District has lost 607 small businesses, and one out of five manufacturing establishments. Congressman Sestak is committed to reversing these losses through fostering entrepreneurial development and creating the right set of conditions to help businesses flourish, stay and be attracted to the District. Supporting effective small business entrepreneurial development programs is a key part of that strategy.

In 1980, Congress established the SBDC program to foster economic development by providing management, technical and research assistance to current and prospective small businesses. SBDCs provide services which include, but are not limited to, assisting small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies.

SBDCs serve Americans with the desire to start their own venture, but lack the technical expertise associated with starting and running a successful business, and in the past few decades, have provided assistance to millions of entrepreneurs across the United States. The SBDC program also represents the effective and efficient use of allocated federal monies through public/private collaboration. SBDCs are funded by matching monies by state legislatures, foundations, state and local chambers of commerce, public and private universities, vocational and technical schools, and community colleges. In fact, sponsors’ contributions have been increasingly exceeding the minimum 50 percent matching share, signifying greater participation among such groups and institutions.

The Seventh District is fortunate to have several Small Business Development Sub-Centers in the area at universities, such as Widener University, Kutztown University, and the University of Pennsylvania (Wharton), which provides critical business resources and technical assistance to small businesses in and around the District.

Congressman Sestak stressed that the core SBDC program has been extremely effective, but there are certain operational improvements that can be implemented to increase flexibility of Small Business Development Centers to better support and serve local small businesses and aspiring entrepreneurs.

To that end, changes proposed in this legislation will:

- Ensure the quality of SBDCs by directing funding toward accredited educational institutions.
- Help SBDCs maintain their autonomy from undue SBA interference. SBA wants to influence hiring decisions made by SBDCs and this protects their autonomy.
- Protect the confidentiality of SBDC clients. SBA is seeking client data which can discourage businesses from seeking assistance.
- Ensure that taxpayer dollars are being spent to get the best return on investment by not using SBDC funds except for the sole purpose of business development. Presently, SBA wants to use SBDC funds to examine SBDC efficiency and effectiveness, instead of using SBA funding.
- Allow exemptions to the current cap on non-matching portability grants in the event of federally-designated natural or human-caused disasters. Matching funds should not be required in the event of federally designated disasters.

In addition to these operation changes, it is important to strengthen the SBDC core program, which successfully navigates entrepreneurs in managing their business, by establishing specific grant programs that will allow SBDCs to tailor their services to meet the needs of particular business constituencies.

For instance:

- The Capital Access Initiative would establish grants to assist entrepreneurs in processing loan applications and obtaining private equity.
- An Innovation and Competitiveness Initiative would establish grants to allow SBDCs to become “Technology Centers,” to help market technologies and advanced projects to manufacturers.
- A Disaster Recovery Program would establish grants to allow SBDCs to assist and coordinate the federal response for small business disaster victims.
- The Older Entrepreneurial Assistance program will target older Americans interested in transitioning to become business owners.

- The Small Business Sustainability Initiative will promote the development and implementation of energy efficient and clean energy improvements and technology.
- A National Regulatory Assistance Initiative will provide assistance to small businesses to comply with Federal regulatory requirements.
- An Affordable Health Care Initiative, will help small business owners provide affordable health care insurance options to their employees.

The second program which the new bill addresses is SCORE - which provides entrepreneurs with free counseling assistance by former executives.

“SCORE provides a valuable service to small businesses, and I believe it will be even stronger with a provision to actively recruit volunteer mentors who will greater reflect the social and economic diversity of those who utilize SBA services, such as women and underrepresented minorities,” stated Congressman Sestak.

Congressman Sestak held two Economic Summits. The first Economic Development Summit brought together several hundred stakeholders from across the District to participate in discussions to address the key issues facing workforce development, access to capital, business development and growth, community economic development, and economic development strategies. The second summit focused on encouraging economic development by connecting local businesses with federal, state, and local resources and programs.

Congressman Sestak has a strong commitment to creating jobs and helping small business. As Vice Chairman of the Small Business Committee, Rep. Sestak has worked to support new and small businesses through open access to loans, credit and capital, advocates fair and true tax relief for small business, and work to reduce onerous regulations and paperwork.

Congressman Sestak cosponsored the Family Small Business Tax Fairness Act (H.R. 868) with Congressman Lloyd Doggett (D-TX) to streamline small business joint-tax filings. He also voted in favor of the H.R. 976, Small Business Tax Relief Act--a bipartisan bill with \$1.3 billion in tax cuts to help small businesses invest in new equipment and hire new workers.

In preparation for the Defense Authorization bill, Congressman Sestak met with numerous businesses throughout the district. He then worked with them in pursuing those initiatives and ventures that support this transformation, including vital research efforts in equipment technology, bio-terrorism, logistics systems, wireless technologies, interoperability, emergency broadband systems, and other areas that assist our men and women in uniform. Because of

these meetings, he was able to relay to the House Armed Services Committee the important work that is being done in his district toward this critical transformation and ultimately was able to secure authorized funding, nearly \$40 million, for all of these industries and research laboratories in the Defense Authorization bill.

Congressman Sestak has already taken steps to change Defense contracting to improve cost efficiency and benefit small business. He passed an amendment requiring that large contracts are unbundled to open the bidding process to small businesses. This means that multi-million dollar contracts that previously would have only been available to large companies and corporations are now opened for bidding to small and medium sized businesses.

During a recent visit to a company located in his District, Congressman Sestak learned of why expanding access to these large contracts to small businesses is an efficient and effective use of our nation's resources, particularly in "new or transformational" requirements of our federal agencies. Gestalt, a small business located in the 7th District, recently won and completed an Army contract — which they competed for against a very large defense corporation — to fix the Defense Readiness Reporting System.

"American small businesses bring innovation, creativity, competition and lower costs to the federal table. When these businesses are excluded from federal opportunities through contract bundling, our agencies, small businesses, and the taxpayers lose," added Congressman Sestak. "Fairer access for small businesses will lead to lower prices and the improvement of the quality of goods and services procured by the federal government, bringing greater returns for taxpayer dollars."

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "DeepBlue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever to serve in the U.S. House of Representatives.

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